

ASSEMBLY BILL

No. 2182

Introduced by Assembly Member Mullin

February 22, 2006

An act to add Section 401.20 to the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 2182, as introduced, Mullin. Property taxation: assessment.

Existing law requires the State Board of Equalization to prescribe rules and regulations regarding the assessment of property for purposes of property taxation.

This bill would require the State Board of Equalization, if funds are appropriated for this purpose, to conduct a study in consultation with the California Assessors' Association and industry representatives regarding the property tax assessment factors used to value nonproduction computers, semiconductor manufacturing equipment, and biopharmaceutical industry equipment and fixtures. This bill would establish a rebuttable presumption that the full cash value of nonproduction computers, semiconductor manufacturing equipment, and biopharmaceutical industry equipment and fixtures is the value determined using the assessment factors published by the board after the study. This bill would also specify that this presumption does not apply after 6 years, unless the assessment factors are reviewed and updated by the board.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. (a) The Legislature finds and declares all of the
2 following:

3 (1) The property used in certain high technology focused
4 industries is subject to the rapid pace of technological change.

5 (2) The annual valuation factors currently published by the
6 State Board of Equalization that are used to assess this property
7 is based upon dated studies, causing the validity of these factors
8 to be questioned and giving rise to costly and time-consuming
9 assessment appeals and litigation.

10 (3) A new study would allow the development of objective
11 and defensible valuation factors and ensure more accurate
12 assessments.

13 (4) The uncertainty created by pending appeals and litigation
14 over the valuation of this property is disruptive to industry tax
15 planning, local government finance, and school finance.

16 (b) It is the intent of the Legislature in enacting this act to do
17 both of the following:

18 (1) Facilitate uniform assessment practices in the assessment
19 of this property within the State of California.

20 (2) Facilitate the resolution of the disputes over the assessment
21 of this property by clearly establishing a presumption of
22 correctness if county assessors use a prescribed assessment
23 methodology.

24 SEC. 2. Section 401.20 is added to the Revenue and Taxation
25 Code, to read:

26 401.20. (a) (1) The State Board of Equalization shall, in
27 consultation with the California Assessors' Association and
28 representatives of the computer, semiconductor, and
29 biopharmaceutical industries, conduct a study to obtain and
30 analyze data in order to update the information used to develop
31 the valuation factors annually published by the State Board of
32 Equalization that are applied to nonproduction computers,
33 semiconductor manufacturing equipment, and biopharmaceutical
34 industry equipment and fixtures.

35 (2) The State Board of Equalization shall conduct the study
36 described in paragraph (1) only if funds are appropriated by the
37 Legislature to the board for that purpose during the 2005-06
38 Regular Session.

1 (b) Notwithstanding any other law relating to the
2 determination of the values upon which property taxes are based,
3 values assigned to nonproduction computers, semiconductor
4 manufacturing equipment, and biopharmaceutical industry
5 equipment and fixtures shall be rebuttably presumed to be valued
6 at full market value if, after the study described in subdivision (a)
7 is completed, the assessor uses the valuation factors published by
8 the State Board of Equalization in the manner instructed for each
9 designated class of property for the relevant lien date.

10 (c) The presumption described in subdivision (b) does not
11 apply if the information upon which valuation factors are based
12 have not been reviewed and updated within six years of the
13 relevant lien date.

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